



State of California

Employment Training Panel

Arnold Schwarzenegger, Governor

October 27, 2009

William Paolino, General Manager
South Gate Engineering, LLC
13477 Yorba Avenue
Chino, CA 91710

Dear Mr. Paolino:

RE: FINAL MONITORING VISIT REPORT FOR SOUTH GATE ENGINEERING RETRAINING SB ET08-0458

Date of the Visit:	7/22/09
Beginning/Ending Time:	2:00pm – 3:00pm
Date of Last Visit:	5/14/09
Visit Location:	Via Teleconference
Persons in attendance:	William Paolino, General Manager, South Gate Engineering, LLC (SGE); Stephanie Dawson, HR Assistant, SGE; and Suzanne Godin, ETP Contract Specialist
Action Items remaining from Prior Meeting:	No
Action Required:	No

CONTRACT INFORMATION:

Term of Agreement:	5/05/08-5/04/10	Agreement Amount:	\$49,686
Training Start Date:	5/13/08	No. to Retain:	49
Date Training must be Completed:	2/04/10	Range of Hours:	8-60
Type of Trainee:	Retrainee	Weighted Ave. Hours:	39

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5353 Mission Center Road, Suite 110
SAN DIEGO, CA 92108
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www.etp.ca.gov
ETP (04/15/05)

FINAL REPORT SUMMARY:

AGREEMENT HISTORY

South Gate Engineering, LLC (SGE) is a small contract manufacturer with an integrated facility for the design and manufacture of custom fabricated pressure vessels and tanks.

The agreement was approved as a Small Business Project at the April 2008 Panel Meeting and was executed on 5/20/08. Training began on 5/13/08. Ms. Dawson reported that all training was completed on 3/18/09 which allowed for the retention period to be completed within the term ending date of the Agreement.

INTERVIEW WITH WILLIAM PAOLINO, GENERAL MANAGER

You reported that balancing the needs of production and training was more difficult than you had anticipated when the training plan was designed for your small business. You also stated that soon after training began, you lost the employee who had designed and championed the ETP training. The loss of a dedicated training director to drive the training resulted in fewer training hours being delivered than originally planned for. You further added that the company's current focus is on surviving the economic downturn. SGE's supervisors have been reluctant to take employees off of production to attend class, and you were no longer able to make formal training a priority. In light of these circumstances, SGE has elected to close the ETP contract out early.

On the positive side, you stated that without the assistance of ETP, SGE would not have been able to provide any of the Manufacturing and Continuous Improvement Skills training it did. As a result of the training, you have seen a higher level of efficiency and productivity among the company's welders and pipefitters who received manufacturing skills training.

PROJECT STATUS PROVIDED BY THE CONTRACTOR:

Trainees Started Training:	76	Completed Training:	31
Trainees Enrolled:	77	Completed Retention:	31
Dropped Following Enrollment:	46	In Retention Period:	0
No. Completed Minimum Reimbursable Hours :	31		

The statistical data submitted by SGE project staff during this visit, as detailed above, was in agreement with ETP's Trainee Status Report as of the date of this report. Ms. Dawson stated that the high number of drops (46) detailed above resulted from the enrollment of employees who were not supposed to have been part of the ETP training plan; were enrolled in error; and never received the minimum number (8) of training hours.

DISCUSSION OF PROJECTED EARNINGS:

Ms. Dawson stated that the statistics on the class/lab tracking system were correct which showed that 31 trainees (63% of planned retentions) completed the specified range of class/lab hours (8-60) and retention period. SGE tracked 437 eligible hours on the ETP class/lab tracking system for the aforementioned 31 trainees for a total ETP earned amount of \$11,349.00 (23% of the encumbered amount). SGE received unearned progress payments in the amount of \$11,758.50, resulting in an overpayment of \$412.31. As of the date of this final report, SGE had reimbursed ETP for the overpayment amount; the Final Contract Closeout had been issued; and SGE had received \$11,349.00 in earned progress payments.

AUDIT:

You will be notified in writing if this agreement is selected for an audit that will be conducted either at your site (field audit) or by telephone if selected for a desk audit (or "review"). These notifications will be sent in advance to allow ample preparation time and will include a list of documentation that will be examined by the auditor. A list of the documentation typically examined during an audit will be included along with the Audit Notification and Audit Confirmation letters. To provide support of training, original training attendance documentation is required; photocopied records are not acceptable.

Listed below are types of records typically requested during an ETP field audit:

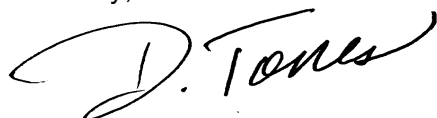
- Training attendance records such as rosters, sign-in sheets, etc.
- Payroll records of individual trainees to verify wage and hours worked
- Personnel records regarding occupation and dates of employment
- Documentation of employer paid health benefits (if applicable)
- Cash receipts to verify receipt and accounting of ETP funds

RECORD RETENTION:

Records must be retained within your control and be available for review at your place of business within the State of California. This responsibility will terminate no sooner than four (4) years from the date of the termination of the Agreement or three (3) years from the date of the last payment by ETP to the Contractor, or the date of resolution of appeals, audits, claims, exceptions, or litigation, whichever is later.

If you have any questions or comments regarding this report, please contact Suzanne Godin at (619) 686-1918 or at sgodin@etp.ca.gov within ten (10) working days from the receipt date of this letter.

Sincerely,



Diana Torres, Manager
San Diego Regional Office

A handwritten signature in black ink, appearing to read 'SMB', located above the printed name of Suzanne Godin.

Suzanne Godin, Contract Analyst
San Diego Field Office

cc: Kulbir Mayall, Fiscal Manager
Master File
Project File